

City of Arlington's Pension Plan

The City provides pension benefits for all of its full-time employees through a nontraditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), one of 866 administered by TMRS, an agent, multiple-employer public employee retirement system. TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmr.com.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. A summary of plan provisions for the City are as follows:

Employee Deposit Rate:	7%
Matching Ratio (City to Employee):	2 to 1
Vesting of Benefits:	5 years
Service Retirement Eligibility:	20 years at any age, 5 years at the age of 60 and above
Updated Service Credit:	100% repeating transfers
Annuity Increases (to retirees):	50% of change in CPI
Death Benefits:	Yes

Employees Covered by Benefit Terms

At the December 31, 2015 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	1,558
Inactive employees entitled to but not yet receiving benefits	1,015
Active Employees	2,460
Total	5,033

Pension Summary

TMRS provides each of its member cities with two slightly different actuarial valuations which are both reflected below as of December 31, 2015. The first is the smoothed valuation used to calculate the City of Arlington's actuarially determined contribution (ADC) to the plan. The second valuation is provided for Governmental Accounting Standards Board (GASB) Pronouncement 68 financial reporting purposes and reflects the City of Arlington's fiduciary net position based on the market value of its assets.

Equivalent Single Amortization Period - 20.4 years
Covered Payroll - \$154,372,375

Funding Valuation (Smoothed Value)	12/31/2015
Total Actuarial Accrued Liability	1,086,413,400
Actuarial Value of Assets	939,247,412
Unfunded Actuarial Accrued Liability (UAAL)	147,165,988
Funded Ratio	86.5%
UAAL as a percentage of covered payroll	95.3%

GASB 68 Valuation (Market Value)	12/31/2015
Total Pension Liability	1,086,413,400
Plan Fiduciary Net Position	919,641,045
Net Pension Liability	166,772,355
Funded Ratio	84.6%
NPL as a percentage of covered payroll	108.0%

Year	Total Actuarial Accrued Liability	Actuarial Value of Assets (funded)	Unfunded Actuarial Accrued Liability	Funded Ratio	Unfunded Ratio
2010	832,168,294	688,014,565	144,153,729	82.7%	17.3%
2011	868,504,849	736,848,666	131,656,183	84.8%	15.2%
2012	904,236,326	787,497,396	116,738,930	87.1%	12.9%
2013	1,003,238,111	842,193,693	161,044,418	83.9%	16.1%
2014	1,037,982,210	893,065,264	144,916,946	86.0%	14.0%
2015	1,086,413,400	939,247,412	147,165,988	86.5%	13.5%

Contributions

Employees for the City of Arlington are required to contribute 7% of their annual gross earnings based on the City's plan provisions. Contribution rates for the City of Arlington for calendar years 2013 through 2017 are listed below. The City of Arlington contributes the full ADC rate.

Year	Actuarially Determined Contribution Rate	Employee Rate	Total Combined Contribution Rate
2013	16.33%	7.00%	23.33%
2014	16.14%	7.00%	23.14%
2015	15.50%	7.00%	22.50%
2016	14.93%	7.00%	21.93%
2017	15.58%	7.00%	22.58%

Investments

More detailed information regarding investment objectives, policies, and performance of the TMRS pension system can be found at <https://www.tmr.org/investments.php> or in the TMRS Comprehensive Annual Financial Report (CAFR).

TMRS Current Assumed Rate of Return = 6.75%

2015 Investment Results (TMRS Total Fund Return)	
1 Year	0.34%
3 Year	5.29%
5 year	5.63%
10 Year	5.42%

Source: TMRS 2015 Comprehensive Annual Financial Report (CAFR) Rates of return presented are calculated using a time-weighted rate of return methodology based upon market values, and are presented gross of investment management fees.